

**TRANSITION INTO PERFORMANCE APPRAISAL/EMPLOYEE COACHING:
ORLANDO MOVES TO THE FUTURE**

EXECUTIVE DEVELOPMENT

BY: Robert L. Sorenson
Orlando Fire Department
Orlando, Florida

An applied research project submitted to the National Fire Academy as
part of the Executive Fire Officer Program

August 1998

ABSTRACT

This research project analyzed the factors that make up a performance appraisal system. The problem was that the current performance appraisal system used by the Orlando Fire Department does not provide for the future development of the Company Officer. It contains no coaching component and the District Officer has no guidelines to follow for making recommendations for improvements to his subordinates between rating reviews. The purpose of the research project was to develop a new Company Officer performance appraisal (PA) that incorporates and places a strong emphasis on coaching to improve future performance.

This research employed both historical and action research (a) to determine what are the shortcomings of the current performance appraisal for the Company Officer position, (b) what are the key components to incorporate in a new performance appraisal, (c) what can the Chief Officer do to facilitate improved future performance from his Company Officers, (d) what is the importance of "Employee Coaching", (e) what statistical data and graphical information might help during the coaching process, (f) how can the manager build trust into the performance appraisal process, (g) what are the advantages of having quick access to all appraisal data, (h) what percentage of fire departments currently administer performance appraisals to their employees, and (i) of those departments that do appraise performance, are they incorporating an employee improvement and coaching mentality into their process?

The principle procedure employed was review of published materials and a survey. Data were compiled in graphic form to facilitate a comparison of published materials and contemporary fire department applications of appraising performance.

The major findings of this research were that few fire departments currently incorporate a coaching element into their performance appraisal process. Principle among those factors was that only 63% of surveyed departments even have a formal process in place for evaluating the performance of their employees.

The recommendation resulting from this research include (a) train all Orlando Fire Department managers on the coaching aspect of enhancing employee performance, (b) creating a data bank to access the collected information quickly, (c) update this form to keep it up with contemporary research on coaching, (d) create a performance appraisal in the same format as this for the position of Driver/Engineer and Fire fighter, (e) gain a consensus from managers insofar as what weight factors are needed, if any, for scoring, and (f) integrate the performance appraisal score into the BID system.



TABLE OF CONTENTS

ABSTRACT.....	2
TABLE OF CONTENTS.....	4
INTRODUCTION	5
BACKGROUND AND SIGNIFICANCE	6
LITERATURE REVIEW	8
PROCEDURES	43
RESULTS	45
DISCUSSION	55
RECOMMENDATIONS	57
REFERENCES	59
APPENDIX A (Performance Appraisal Survey)	61
APPENDIX B (Performance Appraisal Survey Data)	65
APPENDIX C (Performance Appraisal Form)	76
APPENDIX D (Quarterly Company Performance Statistics)	82
APPENDIX E (Survey Mailing List)	94

INTRODUCTION

The Orlando Fire Department has a history of over one hundred years of service excellence to the citizens of the City of Orlando. In the late 1950's, the fire department recognized the advantage of training its personnel in the dual role of both firefighter and emergency medical service provider. Starting with this cross training, the department has evolved from a single tasked fire fighting department into a premier, multiple rolled organization. Currently the Orlando Fire Department (OFD) provides fire fighting services, Advanced Life Support (ALS), Basic Life Support (BLS), a Dive Rescue team, a Hazardous Materials Response Team, a High Angle Rescue Team, Below Grade/Confined Space Rescue, and a Arson-Bomb Unit for the city.

The department currently employs 325 firefighters, approximately 70 of these serve as Company Officers (CO). These CO's are assigned to an engine or truck company to function as a first line supervisor for all fire fighters assigned to their unit, along with the fire fighters assigned to the rescue companies within a particular station. The District Chief Officer currently appraises CO performance on an annual basis with semi-annual (mid-year) reviews. The current performance appraisal system used by the Orlando Fire Department does not provide for the future development of the Company Officer. It contains no coaching component and the District Officer has no guidelines to follow for making recommendations for improvements to his subordinates between rating reviews.

The purpose of the research project was to develop a new Company Officer performance appraisal (PA) that incorporates and places a strong emphasis on coaching to improve future performance. The District Officer can enhance the future performance of the Company Officer through an improved performance appraisal system and ongoing employee coaching. Historical and action research methods were employed to answer the following questions:

1. What are the shortcomings of the current performance appraisal for the Company Officer?
2. What are the key components to incorporate in a new performance appraisal?
3. What can the Chief Officer do to facilitate improved future performance from his Company Officers? What is the importance of “Employee Coaching”?
4. What statistical data and graphical information might help during the coaching process?
5. How can the manager build trust into the performance appraisal process?
6. What are the advantages of having quick access to all appraisal data?
7. What percentage of fire departments currently administer performance appraisals to their employees? Of those departments that do appraise performance, are they incorporating an employee improvement and coaching mentality into their process?

BACKGROUND AND SIGNIFICANCE

In July 1998, Orlando Fire Chief Donald W. Harkins, Jr. impaneled a committee to review the department's current performance appraisal system for the Company Officer position. The committee consisted of individuals from the City of Orlando's Human Resources Department, Civil Service Board, Legal Department, and representatives from the fire department. Over the course of several meetings, there was consensus that the current appraisal system did little to provide a coaching guide for the District Chief Officer's to utilize while interacting with their subordinates. The decision was made to move forward to develop a new method of CO appraisal that reflects the current demands of the position and is built upon a constructive coaching mentality.

The main problem with the current performance appraisal for the CO position is that the system places almost its entire emphasis on a final numerical rating derived from the observations of behaviors

over a one year time period. Only a very small portion of the system is devoted towards planning for future successes and improved performance. The performance appraisal is based primarily upon the District Chief (DC) observing the behaviors of the CO for a one year evaluation period. The evaluation period runs from October 1 through September 30 each year. At the end of the evaluation period, the DC completes the performance appraisal form.

The entire job description for the CO has been broken down into eight different functional areas. These functional areas are further broken down into a total of 56 different observable behaviors. Each one of these behaviors are rated on a scale from zero to five: zero represents the fact that the behavior was not observed during this evaluation period, one represents an employee that has not met minimally accepted department standards of performance, and the scale progresses upward to five, which represents an employee that consistently demonstrates very effective levels of performance. Her performance is seen as virtually flawless and could be held up as a model for other to follow. This 56 scores are then averaged for a final numerical rating.

The current appraisal system does not encourage a narrative response by the rater to detail the positive and negative behaviors observed during the period. The current system also does not provide for a review of performance statistics generated by each CO in his/her attempts to reach departmental goals and objectives every month. The current system is not tied into the City of Orlando employee recognition program (MERITS), that is designed to provide rewards and public recognition of superior performance by city workers.

Because of the above mentioned shortcomings, the committee felt as though the performance of both present and future CO's was not and would not be enhanced by the current appraisal system. It is imperative in any organization that the administration takes whatever steps are necessary to ensure the

professional development of their work force. The fire department is most certainly a “service” organization and the service is only as good as the people that provide it. Therefore, a rebuilding of the Company Officer performance appraisal was undertaken, including coaching guidelines.

Insofar as the relationship to the Executive Development class was concerned, the most direct link of the subject matter is found in UNIT: 5, Following and Leading. A great deal of class time was spent on the virtues of being a good follower and a good leader. In our lectures and class discussion we focused in on the what it takes to be an effective leader. Probably the most important aspect of the leadership dimension is the development of your subordinates. Herein lies the importance of the coaching component, helping your employees develop professionally so that their chances for future successes in the work place are enhanced.

LITERATURE REVIEW

For years, business leaders had been warning that the biggest corporate waste in the United States was that of Human Resources. The basis for this belief was that most organizations relied on longevity rather than performance as the primary criteria for advancement. Time was used as the measure of all things because of its impartial, unarguable application to all employees (Baker, 1988). In addition, “unions have traditionally protected their membership by insisting on the use of seniority when making personnel decisions” (Baker, 1988, p. 1). If this practice resulted in allowing poor performers to advance, the associated losses were just passed on as increased costs to unsuspecting consumers.

Today, U.S. employers and union leaders know that they must increase the productivity of their work force if they are to compete in the global marketplace. Many different methods have been used in an attempt to increase the quality and quantity of the performance of groups of individuals. The focus of

these efforts has been to: (a) reduce the number of overall employees through the work group concept, (b) lower overall operating costs, and (c) to provide procedures for detecting and correcting errors (Baker, 1988). There is significant evidence that the efficiency of the work group has resulted in lower operating cost and a reduced error rate for many organizations (Levine, 1983). However, what is often overlooked is what can be done to enhance the performance of the individual within the group. Herein lies the importance of a PA system that is designed to coach, instruct, and let the employee know what is expected of him or her. The PA not only provides information to management on the performance of an individual, but it can be the vehicle that provides direction to a motivated employee seeking to become a superior performer.

The Performance Appraisal as a Process

A performance appraisal system can best be compared to a process. With a process there are inputs of raw data into a system, some internal processing of the data takes place, and an output of usable information upon which informed decisions can be based is made.

The two primary objectives of a well functioning performance appraisal system should be: (1) to formally measure the performance of the individual employee, and (2) provide information on how well the system is designed and working. The formal measures of performance are used as feedback to the employee and used by others in management for making personnel decisions such as promotions and work assignments. The information provided by the performance reviews of many subordinates should be used collectively to modify the inputs of the performance appraisal system in an attempt to improve its efficiency (Baker, 1988).

Furthermore, it is imperative that the PA system be of such a design that the collective data amassed by all performance appraisals can be easily accessed via a data base by authorized individuals.

The analysis of this data can easily highlight different trends emerging in employee performance. These positive or negative trends could then be further broken down into their components to determine what actions and behaviors should be reinforced or discouraged. This could be accomplished via rewrites of job descriptions and policy manuals, developed into important topics of discussion for management staff meetings, and/or used to develop training programs.

Performance Appraisal Strategy - a Four Step Process

The typical performance appraisal strategy consists of four supervisory processes (McGregor, 1960). The four steps are as follows:

1. tell the employee what is expected of him or her,
2. observe performance and provide feedback to the employee,
3. complete a formal summary of performance at the end of a specific time period, and
4. conduct a formal performance review.

The first step in McGregor's process is to establish the performance standards with the employee, or simply tell them what is expected of them. Inputs for the employee performance standards are taken from many different sources. These inputs typically come from the organization's philosophy, policies, procedures, rules, and job descriptions. The manager and employee must meet and develop a mutual understanding of how each other interprets these inputs. If there appears to be a lack of understanding or difference of opinion, the discussion is continued until the difference is resolved. If the employee understands the inputs, and sees these as inputs as fair and objective, most will welcome a chance to participate in the system (Baker, 1988). Managers must also consult with their subordinates to review the standards to which the employee performance will be compared during the evaluation period. These standards are expressed in terms of results (outcomes) that the employee

is expected to achieve and the activities (behaviors) that the employee is expected to carry out. The “results expected may be expressed as some quantity and quality of output, goals, and/or objectives” (Baker, 1988, p. 17).

Without this discussion with the employee, there is no way the manager knows that the employee understands the inputs to the system and what is expected of him. Policy and procedure manuals may not be available to the employee and other information may not be accurately interpreted. Even if all of the information is available to the employee, “the manager has no assurance that the employee has interpreted that information in the same way as the manager” (Baker, 1988, p. 26).

Insofar as the organizational philosophy is concerned, it can best be described as those enduring principles and values that determine objectives and the means to achieve those objectives. Whether or not the organization has committed their philosophy to words, “every organization has one and it applies with equal force and validity to all members” (Baker, 1988, p. 28). Therefore, the manager and employee must discuss what their organizational philosophy is and how it applies to the employee, with specific reference made to the employees performance.

With employee longevity comes the ability for the manager to review past performance appraisals. If the past performance of an employee met or exceeded the standards during previous appraisal cycles, greater responsibilities and authority may be given to that employee. If previous performance appraisals have indicated areas for improvement, then this information can be used to assist in the formulation of an action plan to help the employee achieve accepted standards (Baker, 1988).

Another important component of the performance appraisal system is the dimension of trust. The manager must increase the employees trust in the PA system because high levels of trust in the

system are likely to increase the reliability of the results. The manager must clearly and honestly communicate what is done with the information produced by the performance evaluations and what the consequences of high versus low ratings really are. Trust is likely to be higher in a system designed to be developmental (e.g., to help improve performance) rather than a system that is punitive in nature (e.g., used to fire poor performers) (Murphy, 1991). It is important that the manager impress upon the employee that the PA is only one of several different tools utilized by management to make personnel decisions, such as promotions and transfers.

If the manager does not take the time to review all of the inputs to the performance appraisal with the employee there may be difference of opinion about the philosophy, policies, and procedures associated with the system. The manager and the employee may interpret job requirements differently and the employee may not understand what will be measured by the appraisal system. Furthermore, the employee may not be prepared to provide information to their supervisor that would improve performance and the perhaps the professional relationship.

If the manager and the employee do not reconcile their difference in their perceptions of the system before the evaluation period begins, there may be a lack of understanding about what is being appraised. The manager and employee may disagree about what adequate performance is and conflicts will remain until resolved (Baker, 1988).

The Second Step

The second step consists of the manager, (1) observing and measuring the performance of the employee against the established standards, (2) coaching the employee, (3) providing feedback to the employee on how to best improve their level of performance during the current evaluation period, and (4) providing incentives to improve poor performance. These tasks should be performed by the

manager as often as necessary to provide the assistance needed by the employee and to make a fair judgment of the employee's performance during the rating period (Baker, 1988). If these tasks are not done then poor performance is unlikely to improve, inefficiency will continue, and it is unlikely that the performance appraisal system will produce valid measures of performance (Murphy, 1991).

Managers continually provide feedback to their subordinates, whether intended or not. If the manager is seldom seen in the workplace, he may be showing his employee's that their performance is not important enough for his time. Conversely, if the manager stops by the workplace just to make small talk, his employee's may assume there aren't any problems with current performance levels, even if they are below standards. Employees may make the assumption that the manager does not know enough about the job tasks he is to evaluate and therefore can not provide assistance when it is needed. If this type of dysfunctional feedback is taking place in the workplace, employees will be surprised and angry when they receive anything less than a high rating on their performance appraisal. Managers also need to be trained in behavioral observation skills. Wherry (1949) suggests that "the rater should be trained on what and how to observe" (p. 148).

Managers that do not make the time to observe their subordinates in the work environment are forced to choose between giving their employees inflated ratings or lower rating based upon insufficient information or casual observation (Baker, 1988). Typically, ratings are inflated to avoid making unfair judgments or to avoid confrontation with subordinates.

The Coaching Relationship

The manager coaches and collects information on the employee performance during the evaluation period. During this phase of the performance appraisal cycle the manager should ensure that the performance standards are understood, measure the employee performance, and to assist the

employee in improving their performance (Baker, 1988). The coaching relationship should be a two way communication process. The manager is to ensure that there are no misunderstandings of the job requirements and the desired results the organization is looking for. The manager will provide any knowledge, skills, or experience that will contribute to the successful completion of the job task and reinforce those behaviors that have led to successes in the past. It is important for the manager to make a “conscious effort to recognize when the employee is performing up to expectations” (Baker, 1988, p. 44). Only in this way can he provide feedback to reinforce good performance. The employee fulfills his part by (1) applying full competence to the task, (2) communicating actions that he feels can improve efficiency, (3) seeking help when needed, and (4) keeping the supervisor informed of his progress (Baker, 1988).

The coaching relationship assumes that the employee wants to do a good job. If the employee is not performing well, then it is assumed that he does not have the training, knowledge, or tools to complete the task properly. The manager and employee must work together to determine the roadblocks that are preventing the employee from succeeding. Once this is done, it is the managers responsibility to remove these roadblocks so that the employee can proceed unencumbered.

There are many different factors that can preclude the employee from being able to complete his job task successfully. The manager must understand that the employee has no control over the following factors, yet some or all of them may be prohibiting him from performing well. It is the managers responsibility to correct and remove the following obstacles:

- poor policies or procedures,
- faulty measures of performance,
- ineffective communication of the expected performance standard,

- inadequate tools and equipment,
- lack of skills or training, and
- ineffective training.

If it is determined that there are no roadblocks for the employee, then the poor performance can usually be attributed to a lack of motivation on behalf of the employee. Several causes of poor performance within the control of the employee could include:

- a poor relationship with co-workers,
- dissatisfaction with supervisors,
- dissatisfaction with the organizations policies and procedures, and
- personal problems at home.

If this is the case, then the manager can develop reinforcers designed to increase employee motivation.

These reinforcers can include, (1) regular feedback on job performance, (2) regular feedback on improvements, and (3) regular feedback on progress towards goals (Baker, 1988). The manager may consider a social reward program designed to showcase improved performance like Orlando's MERIT program.

Managers must realize that in order to motivate their subordinates to improve performance, you first have to get them to want to improve. First, the manager must make sure the employee understands how her training can be instrumental in her success. Clarify the goals related to her improved performance. Explain how job performance is related to rewards like incentives. Next, explain how the her improved performance can enhance her rewards. The manager must remember that meaningful and quick feedback along with reinforcement, will help motivate your employee. The reinforcement is

especially important: provide quick, positive reinforcement, such as “that was a job well done” (Dessler, 1995).

There are several different methods in which the manager can provide feedback/coaching to the employee between appraisals periods. Methods that can be used are (a) showing the employee a sampling of his work, (b) personal conference and reviews, (c) day-to-day comments, such as, “That’s good work”, (d) encouraging self-evaluation, (e) posting performance statistics, and (f) graphic displays of performance measures (Baker, 1988). These types of feedback are usually most effective when given as soon as possible after the work has been performed and still fresh in both the manager’s and employee’s mind.

If managers do not collect information on activities and outputs during the rating period then poor performance is not likely to improve nor good performance recognized and rewarded. Also, formal measures of performance may be challenged if they can not be supported with documentation of job related measures (Baker, 1988). If managers don’t inform their employees that their performance during the rating period is up to standards, then good performance may decline due to a lack of reinforcement and recognition.

The manager must remove the causes of poor performance that are not in the control of the employee. Failure to do so will result in the real causes of poor performance to continue to breed inefficiency, and the possibility of the loss of good performers due to a lack of job satisfaction. These roadblocks to good performance may cause superior performers to be judged as poor performers when things go wrong, even though the employee is powerless to change them. If the manager does not act to remove these obstacles he may lose the respect and trust of the work group.

Guidelines for Improving Coaching

The manager must avoid putting the employee on the defensive during coaching. Defenses help protect our self images. When you attack subordinates by criticizing, arguing, or giving advice it is natural for them to try to defend themselves. The employee might do this by denying they are at fault, by getting angry, or by retreating into a shell. Therefore, Dessler (1995) suggests that:

1. recognize that defensive behavior is normal,
2. never attack a man's defenses. Don't try to explain a man to himself, and
3. postpone action, sometimes it's best to do nothing at all. Given sufficient time, a more rational reaction will take over.

The manager must also be an active listener. First, listen for the total meaning. Most messages have two components: the content and the feeling. The manager must make sure he understands not only the content, but more importantly the feeling or attitude underlying it (Dessler, 1995). Second, the manager should respond to the employee's statement by restating the underlying attitudes or feelings. Incidents, justifications, details of arguments, and reasons are relatively unimportant. But how the employee feels about these things is important. The manager should try to "help the employee to get a more objective view of his feelings by restating them" (Dessler, 1995, p. 383). Third, remember that not all communication is verbal. Take note of the employee's facial expressions, body language, and voice inflection. Fourth, don't act as a judge. The important part of coaching is to bring about a constructive change. Passing judgments and giving advice will result in defensive behavior.

While coaching, the manager should not criticize. Criticism is a negative consequence, a form of punishment. While in the short run criticism may stop the unwanted behavior, it will deter from making deeper inroads with the employee.

The manager should, whenever possible, use critical incidents to document the employee's performance. No one likes being told in vague generalities that her performance is not up to par. Be prepared with specific examples of effective and ineffective behavior. Be specific about the behavior you consider unsatisfactory (Dessler, 1995).

Goal setting should be a primary event that takes place during the coaching session. The best results are usually achieved when clear, obtainable goals are established. Goals include both the action to take place and the time frame for completion.

The manager should try to get the employee to talk about their own perceptions of the problems with their performance. What is it that the employee believes to be the roadblocks to her success.

Finally, the manager should not profess to be an expert. Don't try to explain to the employee why they are doing the things they are doing. Concentrate on "actively listening, mutually setting goals, and reviewing achievements" (Bittel, 1974, p. 287).

If the manager does not coach the employee during the appraisal period then poor performance will continue through the period. Worse yet, this poor performer may get transferred to another work group and his uncorrected performance will be allowed to continue until the new manager has the time to observe the behavior and take corrective action. Finally, the organization will be held accountable for the termination of poor performers when no assistance or coaching has been offered to improve their performance (Baker, 1988).

The Third Step

The third step in the process is for the manager to enter the data onto the organization's accepted evaluation form. The inputted data will include both the observations made as well as the feedback provided to the subordinate during the evaluation period. The primary objective of the

performance appraisal form is to “produce a measure of performance with minimum administrative and human error” (Baker, 1988, p. 53).

Insofar as the time frame to complete the performance appraisals are concerned, it is believed to be more effective to complete the ratings at one time during the year for all employees, rather than individually on the employee anniversary date (Kellogg, 1978). The basis for this conclusion is that if the appraisals are completed on the individuals anniversary date, there will always be members of the work group that have not received a recent performance appraisal when personnel decisions are made.

In addition, if the performance appraisals are not completed at the same time for all employees, the manager is going to have difficulty being consistent. The completed performance appraisals may not be truly reflective of which employees are the highest performers and poorest performers. If the ratings on the performance appraisals do not differentiate between the levels of performance of employees, they are not very useful when making management decisions (Baker, 1988). According to Fishback (1972) “it seems advisable to complete appraisals for all employees who are rated using the same form at the same time” (p. 41). The manager can then compare and contrast the appraisals of different employees to ensure that the ratings are consistent and reflective of the work effort. Human error is much easier to detect and correct when all ratings are completed at the same time (Baker, 1988).

The manager proceeds to complete the performance appraisal of the employee with the inputs from policies and procedures, observations made during the period, feedback given to the employee during the rating period, individual coaching sessions, and information obtained from the employee.

In an effort to minimize human error during the completion of the appraisal, the manager should be aware of the different factors that may influence his ratings. Factors that blind or mislead the manager when they are in the appraisal process are pitfalls to be avoided. Maddux (1987) writes that

“an appraiser must be on guard against anything that distorts reality; favorably or unfavorably” (p. 29).

The manager must strive to remain objective and display fairness and honesty when rating all employees (Baker, 1988). Some pitfall to avoid are:

- Bias/Prejudice. Things that we tend to react to that have nothing to do with performance such as: race, religion, and /or sex.
- Trait Assessment. Too much emphasis on characteristics that have nothing to do with the job (i.e., sincerity, friendliness).
- Over emphasis on favorable or unfavorable performance of one or two tasks which could lead to an unbalanced evaluation.
- Relying on impressions rather than facts.
- Holding the employee responsible for things out of their control.

In the manager's opinion there may not have been anyone in his work group that displayed exceptional performance during the rating period. However, there may have been a few employees that did demonstrate above average performance and they need to be recognized if there is to be improvement of the group in the future. Unless the best performers receive some kind of recognition, the group may feel as if the manager is not looking out for their interests. Further, the employees may look upon this and realize that there are no rewards or recognition for improving performance. If another manager's subordinates are receiving high marks and public recognition for good performance and your group is not, there is no incentive for your employees to improve.

The manager may feel pressure from his superiors to submit appraisals with a certain range of scores. The evaluating manager may deliberately raise or lower the scores of his employees to match the preconceived notions of what upper level of management perceives performance levels are. Ratings

may even be lowered by managers in an attempt to hide their own ineffectiveness or to avoid losing good employees to other parts of the organization (McGregor, 1960).

Procedures are needed that will have the best chance of producing performance ratings that are consistent and comparable, and contain a minimum of errors. These procedures should include:

1. ranking all employees from highest to lowest performers,
2. identifying and recording the behaviors and outcomes upon which these judgments were based, and
3. preparing a rating for each employee that is consistent with the ranking given.

Unless these basis procedures are followed, it is unlikely that the organization's performance appraisals will differentiate between the performance levels of individual employees. If the performance appraisal system does differentiate between high and low performers, then this information can be used to make management decisions. However, "it may be unwise to try to make finer discriminations between employees using performance ratings" (McGregor, 1960, p. 41).

By using the above procedures, differentiations can be made between the level of performance of employees within a work group. Yet, there may still might be some difficulty when comparing ratings between work groups with different supervisors. Although it is generally assumed that such comparisons are necessary, this may not always be the case. For the most part, performance appraisals are used to identify candidates for (a) added responsibilities, (b) additional training, or (c) promotion. Performance appraisals are not very useful when making a final selection from a group of employees that are all rated similarly and the minor differences in their ratings are not likely to be a valid basis for making a final selection (Miner, 1975). The final selection of employees from a group of candidates must be based upon criteria such as: prior experience, seniority, demonstrated skill, education, interview scores, assessment center scores, and others.

The final step before the manager completes the performance appraisal form is to discuss with the employee his perceptions of his level of performance during the rating period. The objective of this process is to: (a) offer the employee the opportunity to communicate information to the supervisor that he feels is important, (b) to ensure that the supervisor has all of the facts before completing the performance appraisal, and (c) to develop a mutual understanding of the two perceptions of the employee's level of performance (Baker, 1988). The degree that these objectives are achieved depends on "the leadership and communication skills of the manager and the personality and communication skills of the employee" (Baker, 1988, p. 58).

Sometimes managers are influenced by information obtained from sources of which the employee is unaware. This information may be second or third hand, inaccurate, and unfair. Needless to say, the employee may not be aware of it or may not have been given the opportunity to set the record straight. Herein lies the importance of this conference, the employee is given a forum to ensure that the manager has only factual information upon which to base his rating on. The degree that the employee's participation in this process influences the final rating may depend on several different factors. These may include: how well the employee states his case, the relationship between the employee and the manager, and how credible the manager believes his data is (Baker, 1988).

After the discussion with the employee about the perceptions of his level of performance, the manager completes the performance appraisal form. The objective of this process is to produce a measure with minimum human and administrative error. Examples of human error are leniency, strictness, central tendency, personal bias, or halo effect. The halo effect is when the appraiser assigns the same rating to all traits regardless of an employee's actual performance on these traits. The problem occurs with employees who are friendly (or unfriendly) towards the supervisor. The unfriendly

employee will often be rated unsatisfactory for all traits rather than simply for the trait of getting along with others (Dessler, 1995).

Central tendency is the gravitation of all score to the middle, producing an appraisal that reflects performance that is neither good nor bad, but just average. This problem makes the performance appraisal useless for promotion or counseling purposes.

Some supervisors tend to rate all their subordinates consistently high (or low). This is called a leniency/strictness problem. This problem can often be solved by forcing the manager to recognize and distinguish between the high and low performers in his work group.

The problem with bias is usually more difficult to deal with. This is the problem of how the employee's sex or race affects the rating he obtains. Dessler (1995) points out there is "...no easy way to predict just what effect this bias problem may have on the appraisal, the best one can do is be on guard against being a biased appraiser" (p. 381).

The most important thing that upper management can do to keep the number of errors to a minimum is to provide clear appraisal instructions and appraisal training. Even if the training is just for five or ten minutes, managers who are trained to minimize rating errors do far better than those who are not trained (Dessler, 1995).

Upon completion of the appraisal form, the manager should forward the appraisal to his superior. The objective of this process is to provide information to upper management about the performance of the work force, determine the ability of the first line manager to appraise the performance of his work group, and to detect and correct any human error that may have occurred. Typically upper management does not have the ability to amend the appraisals. If an upper level manager believes that a human error or the judgments made are inaccurate, he may return the appraisal

to the lower manager for further justification or reconsideration (Miner, 1975). Performance appraisals should be returned only in certain circumstances and with caution. According to Miner (1975) the purpose must be:

... to correct administrative or human error, not to instruct the first level manager how to rate his employees. When there is undue pressure or influence exercised by the second level supervisor, some first level supervisors may react by saying what they think the boss wants to hear rather than providing an accurate measure of performance (p. 382).

The Fourth Step

The final step of the typical performance appraisal process is to provide a performance review/feedback to the subordinate. The primary focus of this review is to inform the employee of the rating he or she has received for the period. There are two schools of thought insofar as having to show the employee his scores from the performance appraisal. One group believes that if the employee is to trust and have confidence in the system, he must see his scores. On the other side of the coin, it is widely held that if a manager knows from the outset that the employee will see the ratings given, the manager will inflate those ratings. With the enactment of the Federal Privacy Act of 1973, this has become a moot point. Federal legislation mandates that employees have access to records relating to their qualifications for employment, promotion, pay raises, and all documents relating to discipline or discharge (Baker, 1988).

Employers and employees are inevitably best served by allowing employee access to their completed performance appraisals. The first reason is that if the employee is to maintain confidence in

the system, his must be able to review his scores. If the appraisals were withheld, uncertainty and suspicion may result which would limit the willing participation of the employee. Second, if appraisals are to influence performance in a positive way, the results must be communicated. Third, access to the results provides an opportunity for an individual to challenge judgments or to correct the simple mistake that are inevitable in any system. Finally, access to such information is essential if the rights of employees are to be protected (Wells, 1982).

After completing the performance appraisal, the manager and employee will meet to discuss the final formal summary of the employee's performance. According to Baker (1988) the objectives of this process are to:

1. reinforce good performance,
2. identify areas where improvement is needed or can be made,
3. provide incentives for improving poor performance, and
4. permit a verbal appeal or rebuttal.

The role of the manager in this process is to provide feedback without animosity, to praise as well as critique, to confront employees constructively, to listen effectively, and to be sensitive to the situations and conditions the employees face (Wells, 1982). If the previous steps of the appraisal process have been achieved, the contents of the final performance summary should be no surprise to the employee. However, if the employee is given anything less than the maximum rating, the manager must be prepared to explain why in terms of on the job behaviors and results (Baker, 1988).

Regardless of the rating, the manager and the employee should make an effort to identify areas where performance improvements can be made. For a good performer, this may mean identifying areas the abilities and skills of the employee are not fully utilized. For the poor performer, this may mean

identifying areas where effort or better skills are needed. In general, the manager must impart upon the employee that he will assist the employee in any way possible (Baker, 1988).

Most subordinates with performance problems do not know they really have a problem, do not know specifically what it is they are doing wrong, and do not know specifically what it is they must do differently to correct the problem (Fournies, 1983). A “mutual effort is necessary for employee improvement to occur, the manager must manage for change, the employee must change” (Fournies, 1983, p. 13-2).

It is important to get the employee to talk freely during the appraisal review. Realistically, the employee should do most of the talking during the review. Maddux (1987) writes that “ordinarily, employee’s often say very little during an appraisal” (p. 41). There are several reasons for this, which may include:

- The employee does not understand the purpose of the appraisal and is afraid to express an opinion.
- The employee is not given the chance to express an opinion.
- The employee was not given time to prepare for the meeting.
- The employee’s thoughts were taken lightly.

It is the managers responsibility to overcome this reluctance to enter into dialog by creating the right type of non-threatening, co-operative atmosphere. There are a few simple steps the manager can take to accomplish this task. First, be descriptive rather than judgmental. When a manager is judgmental about a employee’s behavior it will usually put the employee on the defensive. The manager should attempt to allow the employee to suggest and develop solutions to her particular problem. Using descriptive, non-judgmental language in the review shows a commitment to analyze and resolve a problem (Maddux, 1987).

Second, the manager should be supportive of the employee, not authoritarian. It is sometimes an unconscious act on the part of the manager to start dictating how things are going to get done.

Supporting the employee's ideas and suggestions will encourage her to solve issue's before they ever develop into problems. It is important that the manager focus on the problem and not the employee.

According to Maddux (1987) "a supportive approach promotes better listening by both parties, and permits a climate where disagreement is not only accepted, but invited" (p. 42).

Third, the manager that places too much emphasis on their position and power often create barriers between themselves and their subordinates. Managers should respect the opinions and viewpoints of their subordinates and encourage their contribution to the process. Employees appreciate a supervisor that shares information, asks for opinions, and listens to ideas (Maddux, 1987).

Fourth, the manager must be accepting to differing viewpoints, especially those coming from their subordinates. If the manager enters into a discussion with an employee about a particular problem with a closed mind, the employee will be quick to sense this and not share her ideas. Things have already been decided. This action, if repeated often enough, will stifle the initiative of the employee. Managers "who listen to employee input, or allow their ideas to be challenged ..., stimulate enthusiasm, creativity, and productivity. A supervisor who accepts employee input recognizes their value, capitalizes on their knowledge and builds confidence in the work group" (Maddux, 1987, p. 43.)

Upon completion of the review, most organization's policies require the employee to sign the appraisal form denoting the review has taken place, and that the employee understands the right to appeal or submit a rebuttal of the rating.

The two primary objectives of the performance review are to (1) point out areas where the employee could improve his performance, and (2) develop a plan to improve the performance. This

effort may be complicated if the employee becomes defensive and the entire discussion is consumed by him defending his actions. At this point it would be difficult to plan for future performance. Neither the manager nor the employee is in the proper frame of mind to plan for the future immediately following a critique of past performance (Wells, 1982). Therefore, the critique of performance and planning for future performance should be separated and discussed at different times.

If the manager does not take the time to carry out the performance review with the employee, several problems can arise. First, good performers may feel as though their efforts are not appreciated or recognized. Second, job skills and behaviors that need to be improved may not be identified or understood by the employee. Third, managers will not provide rewards for good performance or motivation and incentives for improving poor performance. Last, the lack of such a discussion may result in conflict and may be cited in legal proceedings at a later date (Baker, 1988).

After the completion of the current performance appraisal cycle and a short period of time has passed, the manager can return to each employee to mutually discuss and develop plans for improved future performance. The manager and employee should outline in detail the types of actions and behaviors that the employee can improve upon to increase future ratings and enhance future successes (Baker, 1988). Many performance reviews fail because the manager and employee end the session with differing perceptions about what is to be accomplished and what was agreed. To prevent this the manager should, (1) summarize what was discussed, (2) give the employee a chance to ask questions, (3) express appreciation for the employee's participation, and (4) commit the plan and agreements to writing (Maddux, 1987).

The employee must also have the right to appeal his performance rating. There should be established procedures that allow the employee to challenge the measures that he perceives to be in

error or unfair. This process should afford the opportunity for employees to present rebutting evidence. If this process is not accessible to the employee, unfair errors in judgment may go undetected. Employees may feel they have no way of influencing matters that decide their future and may lose faith in the appraisal process. Finally, the lack of such recourse may be cited in legal proceedings (Wells, 1982).

Maintaining Data Files

Upon receipt of the completed performance appraisals, the Human Resources Department should have the ability to enter the ratings into a database for future measure. The objective of this process are to, (1) maintain a record of information that can be easily accessed and manipulated to meet the needs of management, and (2) maintain a permanent record of the employee's performance. Without database capabilities, using performance ratings for personnel management decisions is a difficult and time consuming process.

Attempts to manually process this data are labor intensive and excessive time will be required to retrieve, analyze, and utilize performance data. Additionally, valid and reliable information on performance may not be available for making personnel management decisions. Next, the organization may be missing the opportunity to utilize this resource as a source of information for performance recognition and rewards. Lastly, the measures of performance collected via the appraisal system may not be available to justify management decisions when required (Wells, 1982). For this reason, "organizations that do not establish automated data files have difficulty validating selection criteria and complying with EEOC Guidelines" (Baker, 1988, p. 70).

Goals and Standards

The appraisal process starts when the employee and the manager reach a mutual understanding of what needs to be accomplished. If expectations are not clearly stated, mutually understood and presented in measurable terms, performance will be difficult to evaluate. Goals and standards are methods by which job expectations can be measured. Managers must be able to clearly explain the differences between goals and standards to their employees so that both parties know how they will be used during the appraisal process (Maddux, 1987). A goal is a statement of expected results. Goals can describe: (1) conditions that will exist at the end of a period, (2) the time frame required for the desired results, and (3) the resources required to achieve the results. Goals should be established with employee participation and designed to reflect their abilities and training. If the established goals are accomplished, then they can be used as a new base line to establish the next set of goals (Maddux, 1987).

Standards are performance levels that must be met time and time again. Standards are usually expressed quantitatively and refer to such things as employee attendance or safety standards. Standards are most effective when established in cooperation with labor and management. In general, the goals of the organization are geared towards the expectations of management and standards are established to give direction to the work force (Maddux, 1987).

Setting goals for individual employee is important because they may not understand that their current behavior is not producing desired results. The employee may think that he is doing what is expected and knows no better. Sometimes “just showing an employee how he is actually performing relative to the established standards is enough to bring his performance back in line” (Maddux, 1987, p. 169). According to Maddux (1987), “hard goals result in higher levels of performance than do easy goals, and that specific hard goals results in higher levels of performance than do no goals or a

generalized goal of just trying to do one's best" (p.169). An employee's conscious intentions guides his actions and a goal is simply what the employee is consciously trying to do. Therefore, the higher and more specific the employee's goals are, the harder the employee will try and the higher his performance will be (Maddux, 1987). Maddux (1987) writes that,

the setting of a goal that is both specific and challenging leads to an increase in performance because it makes it clearer to the individual what he is supposed to do. This in turn may provide the worker with a sense of achievement, recognition, and commitment, in that he can compare how well he is doing now versus how well he has done in the past and in some instances, how well he is doing in comparison to his peers (p. 170).

In establishing goals with employee, it is important to remember that the goals must be obtainable by the employee, both observable and measurable by management, and relevant to the individual employee's job function. If unrealistic goals are developed and the employee fails to obtain the inflated goal, his faith in obtaining the next periods goals will be diminished. The goals must also be observable and measurable by management so that the employee's increasing performance can be documented. Finally, goals established that are not relevant and will not benefit the employee in his current assignment will just result in wasted effort.

Hence, it is imperative that the manager sits down with each of his subordinates and develops specific goals for that individual prior to an evaluation period, rather than setting no goals or telling them to do their best. This process will substantially improve their performance over the evaluation period.

Traditionally, most organizations have individual performance appraisal systems in place. The focus then becomes what needs to be done to ensure the existing PA system is working and what can be done to make that system work better (Baker, 1988).

Document the System Design

Baker (1988) designed a process that can be used to determine the effectiveness of an organization's PA system. This process will permit a determination of whether a PA system achieves or does not achieve what it sets out to do and to identify what is wrong if it is not working (p.11). This method is broken down into three basic steps:

1. document the system design,
2. determine if the system is being used as designed, and
3. determine if the objectives of the PA are being achieved.

Documenting the system design consists of ensuring that all the procedure guidelines, supervisor's handbook, and employee guides that explain the PA process are incorporated into one manual. There must be one source of information that anyone within the organization can reference to understand how the system is designed to function. The manual should reflect what is expected of both management and employees during the PA process. This manual should be reviewed periodically to ensure that any policies or procedures pertaining to the PA process not covered in writing, are added to the document.

Determine if the System is being used as Designed

The second step is used to determine if the PA process is being properly administered according to manual. Is individual employee performance data collection and retention taking place? Are employees receiving coaching between review periods? Are the forms being completed properly? Are the forms being retained according to policy? If it is determined that some of the necessary steps are not taking place, corrective action should be implemented by management.

Determine if the Objectives of the PA are being Achieved

The third step of the process is to survey the users of the system to determine whether or not the mutually agreed upon objectives of labor and management are being met by the PA system. Is the current PA system providing the type of data that it was designed to produce? Is the PA system providing formal measures of performance that can be used to enhance the performance of the individual and the organization.? If the PA system is not producing the needed information, then a redesign may be appropriate (Baker, 1988).

Through the use of this process, organizations can critique their current PA system to determine if it is producing the type of data, feedback, and personal development guidelines it was originally designed to do.

Performance appraisal can be the most powerful tool a manager has to enhance a subordinates productivity. Conversely, the performance appraisal system can stir strong feeling and conflict in the work place (Baker, 1988).

Because of the potential for conflict, an organization's PA system is often left allowed to function ineffectively, in order to avoid open conflict. Everyone within the organization knows that the PA system is not working but does nothing to change it as long as the conflict remains at a low level. As long as the measures of performance produced by the system are not used for anything, most everyone simply ignores the problem. When it becomes apparent that good performance ratings are of little importance, both supervisors and employees lose faith in the system (Baker, 1988).

The primary risks associated with a PA system that is not functionally properly are as follows:

1. employees may not know what is expected of them,
2. appropriate actions may not take place to correct poor performance,
3. the best and most qualified personal may not be selected for advancement,

4. valid and reliable measures of performance may not be produced by the system,
5. the organization may not have a defense when personal decisions are challenged, and
6. the overall output and efficiency of the work force may decline.

Well Planned Performance Appraisals

Managers responsible for the completion of performance appraisals on their subordinates often assign a low priority to them because they do not see the benefits of a good appraisal session. There are several distinct advantages of doing a performance appraisal in a timely manner:

- performance appraisals can provide valuable insight into the work done by the employee and which employees are completing which tasks,
- with the open communications established through the performance appraisal process, job expectations, job results, and the opportunities for new and improved methods for completing the work tasks are continually discussed,
- the anxiety of the work force is reduced because the employees know how they are performing, there are no surprises about the quality of the work,
- individual employee productivity is increased because they are receiving timely corrective feedback on their performance,
- through public recognition of superior performers, there is reinforcement of sound work practices and encourage others to raise their level of performance, and
- the performance appraisal process is excellent preparation for advancement and increased responsibility (Maddux, 1987).

Expectations of Subordinates

A key element in the success of any performance appraisal system are the perceptions of those receiving the evaluation. Employees expect many different things from their superiors and the successful manager must attempt to meet these needs, display these qualities, and demonstrate proficiency. The following is a list of expectations from employees of their supervisors:

- assignment of task that are consistent with the employees training and abilities,
- clear communication of what is expected of the employee,
- clearly establish the limits of authority and responsibility,
- managers will not “micro manage” where it is inappropriate to do so,
- listen to and consider new ideas and recommendations for change,
- provide an environment that encourage open and frank communications,
- maintain interpersonal relationships that permit the discussion of unresolved problems, soliciting and giving advice, receiving and giving constructive criticism, and exchanging unfavorable information without fear of damaging the relationship,
- be knowledgeable about his own job and demonstrate competency,
- maintain a calm professional approach in situations involving conflict,
- provide support to employees who are unjustly criticized,
- provide appropriate rewards for superior performance,
- be an advocate for an employees cause when it is time for his advancement,
- provide assistance on tasks which may be above the level of training of the employee, and
- take the time to fully understand, evaluate, and critique the work of employees in a constructive manner.

Measuring Performance - the Rating Form

The manager must take the time at the beginning of the evaluation period to review the composition of the current performance appraisal form with the employee. If an employee is not made aware of what is measured on the forms than the system will have no influence on performance and the rating will cause conflict and mistrust when the employee is finally given his rating.

The supervisor and the employee should review the form to be used, develop a mutual understanding of what it measures, identify the behaviors and outcomes that will be judged as evidence of good performance, and insure that there is a mutual understanding of what the performance rating will be used for (Baker, 1988, p. 33).

There a number of different methods that have been developed to measure performance. It is the goal of the performance appraisal to provide two distinct pieces of information to the organization at the completion of the process. The first is to provide feedback to the employee so that a development plan can be formulated to improve future performance. The second is to provide supervisors with the information necessary to make informed management decisions. Some methods provide management information and don't do a good job of providing feedback, while other methods do just the opposite. All methods have advantages and disadvantages and all are subject to error. Due to this fact, most organization utilize a combination of different methods to measure performance (Oberg, 1972).

The first type of performance measuring is the narrative summary. With this method the supervisor produces a written summary at the end of an appraisal cycle. The supervisor will describe observed behaviors, conformance to established standards, and performance results. If the supervisor has been coaching and providing feedback to the employee during the evaluation period, the contents of the summary will come as no surprise to the employee. This is a good method for providing feedback

to the employee, but it does not provide a measure of the difference between the performance of different employees. Also, this method is susceptible to human error.

The second method of performance measure is rating scales. An example of the graphical rating scale is the Behavioral Anchored Rating Scale (BARS). BARS measure job dimensions expressed in terms of job behaviors. Anchors (employee behaviors) are developed to measure performance in a particular job dimension. Supervisors then rate the employee in each of the anchors to amass a total score for the individual. Examples of anchors may include:

- would go out of her way to help others,
- would make big problems out of little ones,
- would lose her temper when something goes wrong, and
- would help other after she finished her work, etc.

These anchors help the manager to make more exact judgments for each employee (Baker, 1988). BARS provide excellent feedback to the employee as well as providing a ranked order list of superior to poor performers.

The third method of performance rating is the checklist. Here, job behaviors for all facets of a particular job are listed and the manager must simply check off the behavior he has observed during the period. Checklists are good for providing feedback to the employee because observed behaviors are recorded rather than judgments being made by the manager (Baker, 1988).

Employee's Response to the Performance Appraisal

In general, the employees response to the performance appraisal process will be positive if the following criteria are met:

- appraisals are conducted frequently,

- there is a formal system of appraisal,
- managers have a high degree of job knowledge,
- employees have an opportunity to appeal their ratings,
- the performance dimensions are seen to be highly relevant, and
- action plans formulated deal with present weaknesses.

Accordingly, if the “organizational culture is one of fairness and accuracy, supervisor-subordinate relations are close, and trust is a valued norm within the organization it would seem reasonable to expect the PA system will be better received than if the climate were one of competitiveness” (Murphy, 1991, p. 252).

Conversely, if there are, (1) widespread conflict and misunderstandings between employees and supervisors when providing feedback, (2) excessive number of rebuttals of ratings, and (3) ratings so inflated that they do not differentiate between the level of performance between employee, then an examination of the system is needed. Probable causes of these problems that should be examined are: poorly constructed rating instrument, failure to train the rater, lack of communication skills, failure to carry out all of the steps in the appraisal process, and/or human error (Baker, 1988).

Job Satisfaction in Relation to Employee Performance

There are two basic theories of how job satisfaction is related to job performance, (1) job satisfaction *leads* to improved job performance, and (2) that rewards and recognition *lead* to both job satisfaction and subsequent improved performance (Dessler, 1995). It has been suggested that job satisfaction leads to improved performance when there is an associated boost of morale in the work place. Dessler (1995) contends that the simple axiom of “happy workers are better workers” is fundamentally true in a general sense, but does not always hold true (p. 206). Boosting morale may

have some positive effects on the organization but it does not always result in improved performance.

Attempts by management to raise morale, such as giving everyone a pay raise or providing higher quality uniforms, may raise morale, but performance will usually remain the same (Dessler, 1995). According to Dessler (1995), the second theory states that rewards and recognition:

... which are based on performance, lead to both job satisfaction and improved performance.

It is the reward that causes both performance and satisfaction: the expectation of a reward leads to performance and the reward itself then results in satisfaction. The relationship between satisfaction and performance is reciprocal: performance leads to rewards and satisfaction, and the expectation of rewards then leads to further performance. Therefore, it is when the reward - and the satisfaction - is seen as a consequence of good performance that satisfaction seems to lead to good performance (p. 205).

Performance appraisal is a cornerstone of an effective reward system. Because job satisfaction and performance are so closely related, management must strive to develop and continually utilize a comprehensive employee reward and recognition program to identify superior performers. Recognition of a job well done by an employee's supervisors and peers will add tremendous job satisfaction to those deserving individuals.

Incentives for Managers to Complete Accurate Performance Appraisals

If the organization does not utilize the information and data produced from the performance appraisal process, then there is little incentive for the manager to submit accurate appraisals. For the manager, there are typically few rewards and many penalties for doing accurate performance appraisals (Murphy, 1991). Employees are likely to regard a less than glowing performance appraisal as a punishment, even if it is richly deserved, and honest appraisals are likely to lead to ill will between

supervisor and subordinate. The simplest way for the manager to avoid this situation is to inflate the employee's ratings.

Managers may also be hesitant to give their subordinates repeated poor marks due to the fact that this may reflect poorly on their own abilities to develop superior performers. One of the manager's jobs is to develop her subordinates and get the best performance possible out of them. With repeated poor marks it may appear that the manager is falling short on this job dimension. This fact is especially true where other manager's peers routinely turn in high ratings.

In an effort to avoid this, the organization must ensure that the rater is buffered from the negative consequences that are likely to occur if low ratings are given. Second, some means of assessing the accuracy of the ratings must be established so that accurate raters can be rewarded (Murphy, 1991). These two tasks are typically difficult to implement because the data is collected from only one individual (the supervisor) and there is no readily available standards for evaluating those ratings (Murphy and Balzer, 1981).

According to Carroll (1982) "the supervisor receives no rewards from the organization for doing accurate appraisals and few if any sanctions for inaccurate appraisals" (p. 192). Organizations send mixed messages to raters regarding the value of accurate performance appraisals. Official organization statements stress the value of good performance appraisals but take no steps to reward these valued outcomes. Murphy (1991) writes that "we know of no organization that includes the rater's accuracy as an evaluator of ratee performance as part of his or her performance appraisal" (p. 192). A manager might infer from this that her organization does not really care about the quality of performance appraisal data. If an organization is unwilling to reward good appraisers and sanction poor

ones, it would appear that this inference is correct, regardless of stated company policy (Murphy, 1991).

Performance Appraisal Ethics

A manager has the responsibility for achieving results for her organization, not at the expense of the employee, but with their help and through their efforts (Kellogg, 1975). To this extent, her judgment about employee performance lies within appropriate ethical boundaries. She does not judge the worth of the employee or penalize him for values different from her own. The appraisal of the employee's performance is the manager's opinion. The manager simply makes judgments whether or not the employee is accomplishing previously agreed upon results, that is, whether he is fulfilling his role in the organization (Kellogg, 1975).

It is important that the manager make an honest appraisal of the employee. If the manager makes only favorable statements, two things can happen. First, the manager will unintentionally mislead all those that attempt to apply her appraisal data. Second, the manager's superior performers will be grouped into the same categories that the poor performers are. These superior performers will suffer because others within the organization will be unable to distinguish between the two groups and opportunities that may have been available to the better performers, may be lost (Kellogg, 1975). The manager that "gives an unjustifiable flattering appraisal is just as misleading, just as unethical, and just as unfair to an employee as is the manager who gives an unjustifiable unflattering appraisal" (Kellogg, 1975, p. 14).

Kellogg (1975) writes that:

The essentials are that the manager set a high value on each person with whom he works; recognize his own inadequacy to appraise any aspect of another human being perfectly;

understand the possible impact, favorable and unfavorable, of his evaluative judgments; and act accordingly (p. 20).

PROCEDURES

Definition of Terms

Evaluation. Used as a general term to describe the process of comparing what is to be evaluated to some standard. The purpose of this comparison is to identify discrepancies in what is being evaluated (Baker, 1988).

Performance Appraisal. Is a special form of evaluation involving a comparison of the observed performance of an employee with a performance standard which describes what the employee is expected to do in terms of behaviors and results (Baker, 1988).

Performance Appraisal System. A series of actions that are carried out in sequence by supervisors and employees to: (1) plan what employees are to do, (2) insure that employees understand what is expected of them, (3) assist employees to perform up to standards, and (4) provide information for making management decisions (Baker, 1988).

Assessment. Judging the potential of an employee for future job assignments.

Performance Review. Formal or informal discussion between a supervisor and an employee about the level of the employee's performance (Baker, 1988).

Ratee. The employee being evaluated.

Rater. The supervisor completing the performance appraisal on his subordinate.

Company Officer. The company officer with the OFD holds the rank of Lieutenant.

M.E.R.I.T.S. A formal employee award and recognition program for superior performing individuals, open to all city workers. The Mayor hosts different MERIT events during the year to publicly recognize the individual's performance and how their actions have enriched the city's level of service to the community.

Research Methodology

The desired outcome of this research was to create a performance appraisal for the Company Officer position with an accompanying coaching guideline. The research was historical research in that a literature review was conducted to understand the key components of a successful performance appraisal system. The data gathered was based on comparative analysis of other performance appraisal systems, and on the experience and advice of human resource officials, legal officers, and fire officials.

The research was action research in that the information gathered through historical research was applied to the actual problem of a poorly constructed performance appraisal system. This information was embodied in Appendix C as a new performance appraisal for the Company Officer position.

Assumptions and Limitations

This new tool for the District Officer is only as good as the training the officer receives as he tries to apply it. During the author's 17 year tenure with the Orlando Fire Department, there hasn't been a training class offered on the topic of how to effectively administer a performance appraisal, nor has there been a class on coaching employees for improved performance. This research project is meant to fill this void. The comprehensive literature review was designed to enlighten those officers with a desire to learn what the key components are to effective appraisal, roadblocks to avoid during the process, and how to get their employee to talk to them about their performance.

It is hoped that the information contained herein will be read, discussed, and scrutinized by both Chief and Company Officers alike. It is only through this educational process that both sides can learn and grow to develop a better understanding of what superior performance is all about.

Survey: Definition of Population

A survey of 100 fire departments was conducted to analyze the different types of contemporary appraisal systems that are in use today for the Company Officer position. The purpose of the survey was to quantify the number of departments, both locally and nationally, that (1) train their work force on the fundamentals of performance appraisal, (2) have formal recognition programs in place to recognize superior performers, and (3) use graphical displays of performance measures as part of the appraisal process.

Population of the Survey

The population of the survey included 77 fire departments from across the nation and 23 fire departments within the Central Florida region. The 23 local departments were selected because they share demographics similar to the City of Orlando. The reason for this mix was to ensure that there was both a national and local perspective reflected in the survey results. Appendix E contains a list of the departments the surveys were mailed to.

Collection of Data

There were 57 national surveys returned of the 77 sent out for a 74% response rate and 19 local surveys were returned of the 23 sent out for a 82% response rate.

RESULTS

Answers to Research Questions

Research Question 1. The shortcomings of the current performance appraisal system lies in the fact that the primary focus is on the numerical rating derived from the observation of past behaviors. Even with the numerical rating, comparisons between Company Officers are not made, nor does the department recognize those superior performers or extend additional responsibilities to them which would help in their development for future promotions.

This research has shown that it is imperative that the superior officer follow a complete four step process during the evaluation period. The current appraisal does not address this four step process.

Currently, a manager does not:

- tell his employee what is going to be expected of her during the upcoming evaluation period,
- both observe and provide continuous feedback to the employee during the rating period,
- advise the employee of the time for their upcoming performance review.

Research Question 2. The research has shown that a key to improved job performance is job satisfaction. An employee must be recognized for his efforts. Improved job performance leads to rewards and job satisfaction, and the expectation of future rewards then leads to further performance. It is the rewards that cause both performance and satisfaction. Therefore, the cycle of rewards, which leads to improved performance, which leads to increased job satisfaction, which leads right back to rewards must be established. The City of Orlando has an established employee recognition program call MERITS. As previously mentioned, part of the coaching guidelines that will result from this research, it will be recommended that the employees that show the most improvement from one evaluation period to the next and the superior performers be recognized through this established

program. The research has shown that formal recognition, in front of your peers, provides wonderful motivation.

Research Question 3. As outlined in the research, one of the most important functions that a manager can provide to her employees is to remove the roadblocks to their success. Often there are conditions under which the employee has little or no control over that impedes their progress. The manager must understand it is his responsibility to remove these roadblocks and allow the employee to progress.

Employee coaching is the focal point of this research. As depicted in the literature review, the manager must constantly provide feedback to her employees so they know exactly where they stand on the performance continuum. Lots of conversation between manager and employee about every topic other than performance can send a message that the manager does not perceive performance to be of any importance. Not talking with the well performing employees about performance may lead them to think that there is no room for improvement or growth. Employee coaching is an ongoing, continuous, daily growth process that should be addressed in a positive, constructive manner.

Research Question 4. The Orlando Fire Department collects from its COs monthly statistical information on the goals and objectives established by the Fire Chief at the beginning of each fiscal year. These statistics include items such as: hours of company classes taught, area survey hours, fire hydrants tested, commercial building fire inspections completed, gallons of company training water flowed, etc. Typically, this information is forwarded to the Deputy Chief at the end of each quarter and filed.

As part of this project, this existing Quarterly Report has been enhanced to include graphical information representing the number of fire hydrants that have been flowed versus the number assigned at the beginning of the fiscal year. A graph has been added to represent the total number of company

class hours taught by each engine and truck company officer from the first day of the fiscal year (October 1) to date. A graph has been added to depict the total gallons of company training water flowed by each engine and truck company officer from the start of the fiscal period to date. Once these new Quarterly Reports are printed, they will be distributed to the Deputy Chief and **back** to each District Officer to be used as part of the coaching process. Never before has the District Officer been able to approach one of his subordinates and objectively compare his performance on these three generic indicator of performance to the other 25 Company Officers on his shift! The District Chief, at a glance, will be able to reward superior performers and counsel those COs that are not meeting current department goals and objectives. The revised Quarterly report is included as Appendix D.

Research Question 5. Trust is an intricate part of the performance appraisal process. It is imperative that the employee maintain trust in the system if it is going to function properly. As depicted in the research, high levels of trust in the system are likely to increase the reliability of the results. The importance of reliable results pertains to the ability to compare results across the board. The administration should be able to look at all CO performance appraisals and determine who is most likely to be ready for additional responsibilities and/or specialized training. If the employee can trust that all individuals are treated the same and the information is going to be used to enhance future performance, then it will be easier for the employee to “buy into the system”.

Research Question 6. The completed, reviewed, and signed performance appraisals are forwarded to the Human Resources Department for retention. This is where the information apparently stops flowing. It is imperative that the information contained within the appraisal, or at least the numerical rating portion, be entered into a database so that quick retrieval of the information is available. When the administration has to make promotional, duty assignments, and other personnel decisions,

they must have quick access to these records. If the appraisals are only kept as hard copies and the information is not entered into a database, then it takes considerably more time to compare and contrast performance ratings. The conversion of this new performance appraisal into a database format is beyond the scope of this research project.

Research Question 7. One hundred fire departments were surveyed with respect to their performance appraisal process. Over 77% of the respondents stated that they have a formal performance appraisal system in place. Conversely, on the topic of how the results of the performance appraisals are used (Question 11, i.e., results used to develop the employee), only 25% of respondents stated that the performance appraisal process was used in some fashion to provide better employee development plans, increase awareness of the employee's performance level, and make an effort towards addressing current employee weaknesses.

Results of the Survey

Out of the 100 fire departments surveyed, Appendix B reflects that over 77% of respondents have a formal performance appraisal system in place. Of the 23% of respondents that stated they did not have an performance appraisal process in place, many different reasons were cited as to why this was true in their department (Question 1).

The survey showed that 70% of respondents review the performance appraisal with the employee only once a year. Question 3 goes on to depict that another 7% of respondents only review the performance appraisal with the employee when it is time to make promotions. It is the remaining 23% that have multiple review periods throughout the year.

When asked if their department incorporated any additional instruments to augment the performance appraisal (i.e., coaching guide, interim feed back secessions, etc.) over 80% did not

(Appendix B). Of those departments that do incorporate additional instruments into the process, the following were cited as additions:

- Critical incident file. Significant event review every three months with subordinates.
- Company performance indicators. Companies are tested against established time frames for completing predetermined tasks. Reviews are part of the appraisal process.
- Company statistical comparison. Quarterly goals that can be quantified are compared to the results of the entire shift to depict those exceeding, meeting, or falling short of established departmental goals.

Insofar as the supervisors sources of information for the appraisal is concerned, the mix was almost evenly split between three methods. Question 6 reflects that:

- 42% get their information from employee's peers and through personal observation,
- 31% use peers, the employee's subordinates, and personal observation,
- 27% use personal observation of the employee only.

Training programs devoted towards enhancing the raters ability to complete the appraisal process are not widespread. Question 7 reflects that over 62% of responding departments do not offer any formal training to the rater for either completing the appraisal form or coaching the employee for future successes.

Another overwhelming statistic is the percentage of departments that do have performance appraisal systems in place, but do not have an employee recognition program. Approximately 60% of the departments with appraisals systems in place have no formal means whereby superior performers can be publicly recognized for their efforts (Question 8). For those 40% of respondents that do offer recognition of superior performance, several rewards are available (Appendix B):

- pay increases,
- rating considered for upcoming promotions,
- a public recognition awards ceremony,
- special details that take advantage of your abilities.

In conjunction with the overall lack of training associated with performance appraisal systems, is the inability to control rater problems. Question 9 shows that 70% of respondents stated that there are no formal means in place to controls problems such as rating inflation and the halo effect.

The responses on how the department best utilizes the information obtained from the appraisal process were evenly distributed (Question 11). Barely 25% of respondents utilized the information from the appraisal process to enhance future employee performance. Twenty five percent of respondents reported that they did not utilize the information for enhancing performance, nor did they use the information for promotions or documenting the actions of employees.

Of the 25% of respondents that do utilize the information obtained from the performance appraisals, most of the feedback consists of daily verbal comments on the quality of the employee's work. After discussing the areas for improvement with the subordinate, the rater proceeds to reaffirm the progress made daily by the ratee.

There was a clear majority of respondents (60%) that stated that they did not notify their subordinates of the upcoming feedback secession. Even though some respondents remarked that the employee knew it was that time of year for evaluations, they were not advised as such so that they might prepare for the event (Question 14).

The survey depicts that over 43% of the respondents complete four performance appraisals each evaluation period. The next largest group (25%) completes seven performance appraisals each period as shown in Question 15.

The data collected from the survey came from a very diverse group as depicted in Appendix B, Question 16. Departments ranging in size from six to seven fire fighters up to departments with over 1000 fire fighter were represented in the survey.

Unexpected Findings

An interesting unexpected finding from the survey was the fact that many departments do not have performance appraisal system in place. Nearly 23% of respondents do not formally appraise the performance of their employees. The most commonly stated reasons for not having a system in place were, "...a politically strong Union was against such a practice", "lack of funding", and "the department is so small we don't need one". The fact that 23% of responding departments did not consider the process of appraising an employee's performance and enhancing his/her future performance important enough to surmount these obstacles, was an unexpected finding.

Another finding of the survey was that of the 77% of departments that do appraise performance, only five broke their appraisal system down by ranks. All the other performance appraisals were general and used to rate all employees.

Company Officer Performance Appraisal Form

Based upon a review of the current appraisal form used by OFD and the appraisals collected as part of the survey process, a new form was created. This new performance appraisal is included as Appendix C.

The first page provides a place for the rater and ratee information, outlines the performance level criteria, and provides instruction for completing the form. The second page outlines 36 individual performance factors. At this time, each rating factor is equally weighted in determining the interim and final scores. The rater scores the Company Officer on a scale of 1 (unsatisfactory) through 4 (exceeds requirements) for each of the 36 factors. These 36 factors are totaled and an average is placed on the third page in the appropriate cell of the spreadsheet. The importance of the numerical score was discussed in detail in the Literature Review, employees should be ranked amongst their peer, from poor to average to superior performers.

The third page of the form is titled "Overall Job Performance". First, at the interim score and at the end of the period, the final score are displayed at the top of the page. The next section provides the manager with a place to document observed behaviors. The manager can express herself in writing as to what specific items must be addressed for performance to improve and what can be done to facilitate these changes.

The third section mandates that the rater document in writing any score given to the ratee that is not a number three, "Meets Standards". Both scores above and below a three (3) must be supported by written documentation of observed behaviors, etc.

The last section of this page provide the ratee, rater, and the next higher manager a place to signify they have read the report. The signature on the part to the employee does not signify agreement with the rating, just that a review has been conducted by the supervisor.

The fourth page of the form describes the policy for administering this performance appraisal. Probably the most important component of the new form is the Employee Coaching Guideline. The

policy mandates that each supervisor conduct a coaching review with each of his subordinates each quarter.

The final page of the new form is the Employee Coaching Guideline. There are essentially two components to the coaching guideline. First is the form which has the supervisor discuss, ask questions about, and offer assistance with 11 different topics relevant to the Company Officer's responsibilities. Each quarter the supervisor should take the time to proceed through this form with the employee and plan for the things that have to happen in order for the subordinate's performance to improve. This analysis is then transferred to the bottom of this page in the Action Plan. Some of the responses to the items on this form may change from quarter to quarter for the employee and others may not. The intent of this coaching guide is to get the supervisor and subordinate talking about issues that perhaps have not been talked about before.

Quarterly Company Performance Statistics Form

Appendix D was developed from an existing form that senior management used to track the progress of each one of the three Divisions (shifts) in their attempt to obtain the goals and objectives set forth by the Fire Chief at the start of each new fiscal year. Typically, the data collected in this form was forwarded to the Deputy Chief of the Field Operations Bureau for his review. Most likely there were conversations between the Deputy and the three Assistant Chiefs (one in charge of each shift) about the attainment, or lack thereof, in meeting these company level goals and objectives.

What has been done with this vehicle is to add several different graphical representations of this data, in a format that all units of a particular Division (shift), can be compared and contrasted against one another. Once this data is inputted into the new spreadsheet, it is printed and a copy is provided to each District Chief so that he can go back to each unit within his command and show them how their

level of effort compares to the rest of the Division. This information, which in the past only flowed in one direction (up hill) is now being utilized as a resource as part of the ongoing employee coaching effort. It is very easy to see in Appendix D where there are two companies in the Division that have not flowed any training water since October 1, 1997 until today.

Each station is assigned a different number of fire hydrants that must be flow tested each fiscal year. Appendix D now has the capability to show the manager at a glance, which of his companies have not tested any fire hydrants, have completed some testing, and those who have finished all their testing. Appendix D now does the same type of graphical analysis for company class hours taught by the Lieutenant.

Once again, as outlined in the Literature Review, it is important that employee be shown graphical representations of their levels of performance. Appendix D has been modified to provide this resource to the rater.

DISCUSSION

The performance appraisal, which represents the results of this research, embodies the four step process outline by McGregor in 1960. The performance appraisal starts with the initial planning phase in which supervisors are to meet with their subordinates and tell them what is expected of them. The first page of the performance appraisal provides this direction via the “Instructions for Completing the Form”.

Next, the performance appraisal attempts to break down the primary responsibilities of a Company Officer into 36 observable behaviors. According to Baker (1988), it is essential that the manager observe and continually provide feedback to the employee so that a fair judgment of performance can be made. The contemporary view of several of the departments responding to the survey was to approach the manager’s responsibility for appraising performance in the same manner. Most departments had some method of observing behaviors, translating these observations into numerical ratings, and then adding written comments to document both the feedback and the ratings.

The element of coaching the employee for improved performance was added to the new performance appraisal. Baker (1988) writes that: “coaching is a two way process” (p. 44). The intent of the Employee Coaching Guideline is no more than what Baker proposes, get the two individuals talking. Often the only conversation that takes place between a supervisor and his employee’s is what the latest rumors are or who getting promoted and when? Conversations about where the employee currently stands and where he wants to be six or twelve months from now will become an ongoing process.

In the Overall Job Performance section of the appraisal, attention is given to observations made by the supervisor. According to Wells (1982) the role of a manager is to provide feedback without

animosity, to praise as well as critique, and to confront employees constructively. Again, several of the performance appraisals obtained from the survey reflected the department's desire to document observed behaviors and refrain from arbitrary rating derived from unsubstantiated assessments of performance. By mandating the inclusion of written remarks for any score other than "Meets Standard" curtails, as suggested by Baker (1988), rating inflation and the halo effect.

Because this new performance appraisal is untested and based upon a synthesis of information gathered in this research, a testing period should be invoked to determine its applicability. Dessler (1995) reminds us that we should not try to be experts, don't try to psychoanalyze your employees. This is new ground for our department and there will be an associated learning curve with this new appraisal process.

The performance appraisal system, with the associated employee coaching guidelines, is the first of its kind for the Orlando Fire Department. This author hopes that the other managers within our department will take the time and effort to review the important points depicted in the Literature Review on proper appraisal of performance. This subject matter hasn't been addressed before by our upper level management, so self motivation to become familiar with this information is necessary. This study has hopefully produced an instrument that will advance the job performance of not only the employee, but of the manager also. If nothing else, the performance appraisal will serve to jog the minds of managers burdened with the responsibility of helping others do their job better without the benefit of a psychology degree.

RECOMMENDATIONS

Performance appraisal must contain a coaching element. OFD should integrate use of this performance appraisal in its ongoing training and assure that the coaching mentality is ingrained in both Company Officers and managers alike. Written instruction explaining the use of the form should be more fully developed.

The information obtained for completed performance appraisals has to be added to a data base. The city should work with Information Systems (computer department within the city) to develop an information retrieval system accessible to appropriate managers at their desk top computers.

Periodic review of the form should take place to ensure contemporary views on performance appraisal and employee coaching are incorporated within the form. New ideas based on the latest research will continue to improve this vehicle.

As the form matures and evolves through training, review, and revision, OFD should develop a similar PA for the positions of Driver/Engineer and Fire fighter. Once all the Company Officers have received training on coaching for improved performance, appraisals similar to this one can be created for those positions and administered by the Lieutenant.

The 36 scores may need to be weighted. Many will argue that some of the factors are infinitely more important than others on this list. Once this form is distributed to all managers, a consensus can be taken as to which factors should receive the highest weighting and which should receive the least. Upon completion of that task, a simple change to the formula in the spreadsheet can accommodate this weighting of factors.

The fire department should work with the Human Resources department to build in automatic M.E.R.I.T. awards for the most improved and superior performing employees. The M.E.R.I.T.

program is a long standing city employee reward and recognition program that can be used to recognize these employees. Guidelines should be established to determine at what percent increase an employee would have to achieve and at what score a high performer would have to obtain to receive the award/recognition from this program.

OFD allows members with three or more years of seniority to “bid” for positions that become vacated by promotion, retirement, or resignation. The policy guiding this benefit stipulates that if there is more than one person that bids for a position, the person with the most seniority is awarded the slot. Perhaps if appraisal scores were somehow incorporated into the bid process, whereby seniority would not be the only determining factor, there would be additional motivation to enhance one’s performance scores.

REFERENCES

- Baker, J. (1988). *Causes of failure in performance appraisals and supervision*. New York: Quorum Books.
- Bittel, L.R. (1974). *What every supervisor should know*. New York: McGraw-Hill.
- Carroll, S.J. (1982). *Performance appraisal and review systems: The identification, measurement, and development of performance in organizations*. Glenview, IL: Scott Foresman.
- Dessler, G. (1995). *Human behavior: Improving performance at work*. Reston, VA: Reston Publishing.
- Fishback, G. (1972). Appraising office and plant employees. In J.J. Famularo (Ed.), *Handbook of modern personnel administration* (p. 41). New York: McGraw-Hill.
- Fournies, F. (1983). *Performance appraisal design manual*. Bridgewater, NJ: Fournies & Associates.
- Kellogg, M. (1975). *What to do about performance appraisals*. New York: AMA Communications.
- Levine, H.Z. (1983). Consensus: Efforts to improve productivity. *Personnel*, 60, 4-10.
- Maddux, R.B. (1987). *Effective performance appraisals*. Los Altos, CA: Crisp Publications
- McGregor, D. (1964). Can we measure executive performance? *International Management*, *19*, 59-63.
- Miner, J.B. (1975). Management appraisal: A capsule review and current references. In K.N. Wexley & G.A. Yukl (Eds.), *Organizational Behavior and Industrial Psychology* (pp. 382-392). New York: Oxford Press.
- Murphy, K.R. & Balzer, W.K. (1981). Rater errors and rating accuracy. *Journal of Applied Psychology*, *71*, 39-44.
- Murphy, K.R., & Cleveland, J.N. (1991). *Performance appraisal: An organization perspective*. Needham Heights, MA: Allyn and Bacon.
- Oberg, W. (1972). Make performance appraisals relevant. *Harvard Business Review*, *50* (1), 61-76.

Wells, R.G. (1982, October). Guidelines for effective and defensible performance appraisals. *Personnel Journal*, 65, 776-782.

Wherry, R.J. (1949). Buddy rating: Popularity contest or leadership criteria? *Personal Psychology*, 2, 147 - 159.